

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:) Chapter 11
)
W. R. GRACE & CO., et al., ¹) Case No. 01-01139 (JKF)
) (Jointly Administered)
)
Debtors.) Objection Deadline: March 24, 2003, at 4:00
) p.m. (prevailing eastern time)

**SUMMARY APPLICATION OF KIRKLAND & ELLIS FOR COMPENSATION
FOR SERVICES AND REIMBURSEMENT OF EXPENSES AS BANKRUPTCY
COUNSEL TO W. R. GRACE & CO., ET AL., FOR THE FIRST MONTHLY
INTERIM PERIOD, FROM JANUARY 1, 2003, THROUGH JANUARY 31, 2003,
FOR THE QUARTER OF JANUARY – MARCH, 2003**

Name of Applicant:	<u>Kirkland & Ellis</u>
Authorized to Provide Professional Services to:	<u>W. R. Grace & Co., et al., Debtors and Debtors-in-Possession</u>
Date of Retention:	<u>Retention Order entered May 3, 2001, effective as of April 2, 2001</u>
Period for which compensation and reimbursement is sought:	<u>January 1, 2003, through January 31, 2003</u>
Amount of Compensation sought as actual, reasonable and necessary:	<u>\$162,033.00</u>
Amount of Expense Reimbursement sought as actual, reasonable and necessary:	<u>\$6,383.16</u>

¹ The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co.-Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (f/k/a Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation, W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc., Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (f/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc.), E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

This is a X monthly ___ interim ___ final application.

The total time expended for the preparation of this application is approximately 30 hours, and the corresponding estimated compensation *that will be requested in a future application* is approximately \$9,500.00.

This is the first monthly application for interim compensation of services for the January - March 2003 quarter that the Debtors have filed with the Bankruptcy Court in the Chapter 11 Cases. The following applications have been filed previously in the Chapter 11 Cases:

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
May 29, 2001	4/2 - 4/30/01	\$626,079.00	\$32,439.84	Interim approval ²	Interim approval
June 29, 2001	5/1 - 5/31/01	\$567,151.00	\$77,487.86	Interim approval	Interim approval
July 31, 2001	6/1 - 6/30/01	\$560,569.50	\$45,466.13	Interim approval	Interim approval
July 31, 2001	April - June, 2001	\$1,753,799.50	\$155,393.83	\$1,753,799.50	\$155,393.83
August 28, 2001	7/1-7/31/01	\$476,582.50	\$25,312.13	Interim approval ²	Interim approval
September 28, 2001	8/1-8/31/01	\$472,334.50	\$29,022.59	Interim approval	Interim approval
October 30, 2001	9/1-9/30/01	\$443,617.50	\$27,147.47	Interim approval	Interim approval
November 7, 2001	July - September, 2001	\$1,392,534.50	\$81,482.19	\$1,392,534.50	\$81,482.19
December 11, 2001	10/1-10/31/01	\$493,074.00	\$27,724.54	Interim approval ²	Interim approval
December 29, 2001	11/1-11/30/01	\$524,980.00	\$29,678.21	Interim approval	Interim approval
January 31, 2002	12/1-12/31/01	\$405,278.50	\$27,276.95	Interim approval	Interim approval
February 7, 2002	October-December, 2001	\$1,423,332.50	\$84,679.70	\$1,419,127.00	\$84,679.70
March 4, 2002	1/1-1/31/02	\$439,056.00	\$32,279.54	Interim approval ³	Interim approval
March 27, 2002	2/1-2/28/02	\$412,304.00	\$18,475.64	Interim approval	Interim approval
May 2, 2002	3/1-3/31/02	\$430,342.50	\$51,759.20	Interim approval	Interim approval
June 10, 2002	January-March, 2002	\$1,281,702.50	\$102,514.38	\$1,281,702.50	\$101,656.38
June 10, 2002	4/1-4/30/02	\$410,702.50	\$25,286.05	Interim approval ⁴	Interim approval
July 2, 2002	5/1-5/31/02	\$335,280.50	\$25,556.83	Interim approval	Interim approval
August 8, 2002	6/1-6/30/02	\$243,127.00	\$16,326.36	Interim approval	Interim approval

² The fees and expenses requested in the April-June, 2001, July-September, 2001 and October-December, 2001, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on November 29, 2002.

³ The fees and expenses requested in the January-March, 2002, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on October 9, 2002.

⁴ The fees and expenses requested in the April-June, 2002, interim monthly Applications were approved on an interim basis pursuant to the order entered by this Court on November 29, 2002.

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
September 3, 2002	April-June, 2002	\$989,110.00	\$67,169.24	\$981,666.50	\$67,169.24
September 11, 2002	7/1-7/31/02	\$335,129.00	\$28,504.48	pending	pending
October 2, 2002	8/1-8/31/02	\$344,619.00	\$86,047.20	pending	pending
October 30, 2002	9/1-9/30-02	\$238,876.50	\$20,882.49	pending	pending
November 27, 2002	July-September, 2002	\$918,624.50	\$135,434.17	pending	pending
December 6, 2002	10/1-10/31/02	\$207,778.00	\$7,769.74	pending	pending
January 13, 2003	11/1-11/30/02	\$122,419.00	\$4,732.30	pending	pending
January 30, 2003	12/1-12/31/02	\$129,243.50	\$6,093.80	pending	pending

K&E has filed certificates of no objection with respect to the interim monthly Applications for April 2001 through December 2002, respectively, because no objections were filed within the respective objection periods. The Quarterly Applications for the interim periods from (i) April 2, 2001, through June 31, 2001, (ii) July 1, 2001, through September 30, 2001, (iii) October 1, 2001, through December 31, 2001, and (iv) April 1, 2002 through June 30, 2002, were heard on November 25, 2002 and orders were entered November 29, 2002 granting interim compensation and reimbursement of expenses requested in the first-third and fifth Quarterly Applications. The Quarterly Applications for the interim period from January 1, 2002 through March 31, 2002, was heard on August 26, 2002, and an order was entered on October 9, 2002, granting interim compensation and reimbursement of expenses requested in the fourth Quarterly Application. The Quarterly Application for the interim period July 1, 2002, through September 30, 2002, has been scheduled for hearing on March 18, 2003. The Quarterly Application for the interim period from October 1, 2002, through December 31, 2002, has been scheduled for hearing on June 17, 2003.

The K&E attorneys who rendered professional services in these cases during the Fee Period are:

Name of Professional Person	Position with the Applicant	Number of Years as an Attorney	Department	Hourly Billing Rate ⁵	Total Billed Hours	Total Compensation
Janet S. Baer	Partner	20 Years	Bankruptcy	\$625.00	50.80	\$31,750.00
James W. Kapp	Partner	8 Years	Bankruptcy	\$510.00	29.40	\$14,994.00
Roger J. Higgins	Associate	6 Years	Bankruptcy	\$385.00	31.00	\$11,935.00
Christian J. Lane	Associate	5 Years	Bankruptcy	\$420.00	142.60	\$59,892.00
Vicki V. Hood	Partner	26 Years	Employee Benefits	\$615.00	2.10	\$1,291.50
Mark E. Grummer	Partner	26 Years	Environmental	\$445.00	6.50	\$2,892.50
Michelle H. Browdy	Partner	12 Years	Litigation	\$445.00	0.30	\$133.50
Andrew R. Running	Partner	20 Years	Litigation	\$510.00	2.20	\$1,122.00
S. Jonathan Silverman	Partner	10 Years	Litigation	\$430.00	9.00	\$3,870.00
Todd F. Maynes	Partner	15 Years	Taxation	\$625.00	1.30	\$812.50
Total for Attorneys					275.20	\$128,693.00

The paraprofessionals of K&E who rendered professional services in these cases during the Fee Period are:

Name of Professional Person	Position with the Applicant	Number of Years in that Position	Department	Hourly Billing Rate ⁵	Total Billed Hours	Total Compensation
Rhonda Lopera	Legal Assistant	11 Years	Bankruptcy	\$210.00	19.40	\$4,074.00
Toni L. Wallace	Legal Assistant	2 Years	Bankruptcy	\$150.00	25.90	\$3,885.00
Aletheia V. Anderson	Project Assistant	1 Year	Bankruptcy	\$115.00	17.00	\$1,955.00
Stephanie R. Cashman	Project Assistant	8 Months	Litigation	\$110.00	25.80	\$2,838.00
Megan K. Coleman	Project Assistant	2 Years	Litigation	\$110.00	41.00	\$4,510.00
Shirley A. Pope	Legal Assistant	17 Years	Litigation	\$190.00	84.10	\$15,979.00
Library Research	Research Specialist	N/A	Administrative Services	\$165.00	0.60	\$99.00
Total for Paraprofessionals					213.80	\$33,340.00

Grand Total for Fees: \$162,033.00

Blended Rate: \$331.36

⁵ K&E is authorized to adjust the hourly billing rates of professionals pursuant to the Application for Entry of an Order Pursuant to Sections 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a) Approving the Employment and Retention of Kirkland & Ellis as Attorneys for the Debtors (the "K&E Retention Application") approved by this Court on May 3, 2001. The K&E Retention Application provides that "[h]ourly rates vary with the experience and seniority of the individuals assigned and may be adjusted by Kirkland & Ellis from time to time." Further, as stated in the K&E Retention Application, "[t]hese hourly rates are subject to periodic adjustments, without further notice to the Court or any other entity, to reflect economic and other conditions and are consistent with the rates changed in non-bankruptcy matters of this type."

Compensation by Matter

Matter Number	Matter	Total Hours	Total Fees Requested
16	Asset Analysis and Recovery	18.10	\$9,144.50
18	Other	3.30	\$2,028.00
19	Claims Analysis Objection & Resolution (Non-Asbestos)	9.10	\$2,253.50
20	Case Administration	143.20	\$29,704.50
23	Business Operations	9.40	\$4,108.50
26	Financing	48.20	\$20,350.50
27	Employee Benefits/Pension	32.80	\$15,208.00
28	Litigation and Litigation Consulting	107.20	\$38,309.50
30	Hearings	7.30	\$4,470.50
31	Asset Disposition	14.90	\$6,258.00
32	Fee Applications, Applicant	50.70	\$14,322.00
35	Fee Applications Others	2.20	\$1,006.00
37	Plan and Disclosure Statement	10.60	\$4,204.50
38	Employment Applications, Others	5.10	\$2,280.50
42	Travel non-working	4.50	\$2,812.50
46	Tax Litigation	8.10	\$3,502.50
51	ZAI Science Trial	14.30	\$2,069.50
	Total	489.00	\$162,033.00

Expense Summary

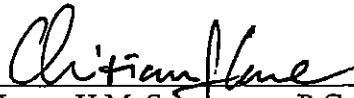
Description	Amount
Telephone	\$1,706.89
Fax Telephone Charge	\$2.08
Fax Charge	\$31.50
Standard Copies	\$352.70
Binding	\$3.50
Tabs/Indexes/Dividers	\$10.30
Scanned Images	\$18.60
Postage	\$0.60
Overnight Delivery	\$8.63
Outside Messenger Services	\$28.82
Travel Expense	\$314.04
Airfare	\$1,038.70
Transportation to/from airport	\$35.00
Travel Meals	\$36.70
Other Travel Expenses	\$75.00
Outside Copy/Binding Services	\$49.95
Working Meals/K&E and Others	\$5.00
Computer Database Research	\$2,161.98
Overtime Transportation	\$10.00
Overtime Meals	\$36.00
Secretarial Overtime	<u>\$457.17</u>
Total	\$6,383.16

WHEREFORE, K&E respectfully requests (a) that an allowance be made to it, as fully described above for the (i) 80% of the amount of \$162,033.00 for reasonable and necessary professional services K&E has rendered to the Debtors during the Fee Period (\$129,626.40) and (ii) 100% of the reimbursement of actual and necessary costs and expenses incurred by K&E during the Fee Period (\$6,383.16); (b) that both fees and expenses are payable as administrative expenses of the Debtors' estates; and (c) that this Court grant such further relief as is equitable and just.

Wilmington, Delaware
Dated: March 3, 2003

Respectfully submitted,

KIRKLAND & ELLIS



James H.M. Sprayregen, P.C.
James W. Kapp III
Christian J. Lane
Roger J. Higgins
200 East Randolph Drive
Chicago, Illinois 60601
(312) 861-2000